

From: Eliot Case [emc@panamax35.com]

Sent: Saturday, April 02, 2005 12:41 PM

To: restructure.sizestandards@sba.gov

Subject: [FR Doc: 05-01035];[Page 2976-2977]; Small business size standards: Size standards for most industries and SBA programs; restructuring

Dear SBA administrators and regulators,

Re: changing the current SBA rules to allow Venture Capital (VC) funded companies participate in such projects as SBIR.

By allowing VC funded agencies to compete against very small startups, essentially the SBA would be killing its own small business "children." If there is not a safe environment for very small companies to grow into bigger companies then the SBA has failed at its purpose. Please do not allow Venture Capital funded companies to compete against small businesses in the SBIR program. it will hurt both the VCs and the very small businesses, and thus, the country.

Support argument:

It appears to be the primary function, as the name implies, of the Small Business Administration to support small businesses.

The grants awarded through the SBIR program to small businesses are often much less than the operating capital of a venture capital funded company.

If a company is already Venture Capital funded then they are already funded. Why let VC's take away from the start up companies who's only source of funding for NEW innovations might be the SBIR system?

Allowing Venture Capital funded companies to compete against small private and startup companies in SBIR funding is a clear corruption of the intent of the Small Business Administration and should not allowed.

Consider that many startup companies that may have had their start with SBIR funded projects are now either Venture Capital funded for large scale growth or are now large companies and publicly traded. VCs want proven companies that have a very good chance of growing and increasing their investment value.

The current SBIR system is best for true Venture Capitalists.

The results for VCs under the current SBIR system is setup well to promote companies that can survive through the differing phases and can show a proven track record of business and technology generation. Once a company has had success with SBIR funding, certainly to a Phase II level, the value to Venture Capitalist is certainly more secure than investing too early in a business. Once profit is a "sure thing" is when a true Venture Capitalist group will invest. The current SBIR system provides new investment opportunities for VCs in the form of new proven businesses.

The current SBIR rules are as they should be and are the best for the country.

You have my permission to quote anything you wish in this e-mail.

Thank you for your time and consideration.

Sincerely,

Eliot Case
Director of Panamax35 LLC